

Message Text

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ACTION AF-10

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FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 8800

INFO AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ECON, EMIN, MR

SUBJECT: SNIM ACTIVITIES IN 1978

REF: NOUAKCHOTT 140

1. BEGIN UNCLASSIFIED IN SERIES OF ARTICLES IN NOUAKCHOTT DAILY "CHAAB", JANUARY 17-20, ISHMAEL OULD AMAR, DIRECTOR-GENERAL OF SOCIETE NATIONALE INDUSTRIELLE ET MINIERE (SNIM), WHICH PRODUCES 75-80 PERCENT OF EXPORT EARNINGS, DISCUSSX PLANS FOR 1978. CITING STATE OF INTERNATIONAL IRON ORE MARGT, AMAR ANNOUNCED FREEZE ON MOST INVESTMENT EXPENDITURES, AND DECISION TO BEGIN RUNNING TWO TRAINS A DAY IN FEBRUARY. SINCE LATE OCTOBER 77, SNIM HAS AVERAGED NO MORE THAN ONE TRAIN A DAY. (NOTE: THIS COMPARES TO FOUR TRAINS DAILY ZOUERATE TO NOUADHIBOU IN PRE-POLISARIO DAYS). HE CONCLUDED EXPORTS WOULD NOT EXCEED 8.5 MILLION TONS IN 1978.

2. AMAR REFERRED TO SNIM RESTRUCTURING NOW BEING STUDIED BY GOVERNMENT, ACKNOWLEDGING THAT CERTAIN ACTIVITIES (COPPER MINING OPERATION AND PETROLEUM REFINERY) WERE AFFECTING SNIM FINANCIAL OPERATIONS NEGATIVELY AND COULD NOT BE KEPT WITHIN LIMITED OFFICIAL USE

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THE ORGANIZATION IF IT WAS TO PURSUE OTHER DEVELOPMENT ACTIVITIES, LIKE THE GUELBS PROJECT. AMAR ACKNOWLEDGED GIRM HAS LAST WORD, BUT ACCOMPANYING CHAAB EDITORIAL STATED MORE DIRECTLY THAT REORGANIZATION SHOULD RESULT IN TRANSFER OF BOTH ACTIVITIES TO GOVERNMENT CONTROL OUTSIDE OF SNIM.

3. AMAR REAFFIRMED THAT 1978 WAS THE YEAR OF GUELBS, CONFIRMED

THAT HE WAS EXTREMELY ENCOURAGED BY RESULTS OF TAIF, SAUDI ARABIA DONOR MEETING AND ADMITTED THAT EVERYTHING DEPENDED ON UPCOMING DONOR MEETING IN PARIS. END UNCLASSIFIED

4. BEGIN LIMITED OFFICIAL USE: WE HAVE LEARNED COMPOSITION OF MAURITANIAN CONTINGENT TO PARIS DONOR MEETING LIKELY TO INCLUDE AMAR, MINISTER OF PLANNING AND MINES SIDI OULD CHEIKH ABDALLAH, GIRM AMBASSADOR TO U.S. MOHAMED NASSIM KOCHMAN AND PRESIDENT OF MAURITANIAN CENTRAL BANK (AND PRESIDENTIAL BROTHER) AHMED OULD DADDAH.

5. BEGIN LIMITED OFFICIAL USE COMMENT: BEFORE THE POLISARIO THREASN THE AVERAGE IRON ORE PAYLOAD PER TRAIN WAS 15,000 TONS. IN RECENT MONTHS, BECAUSE OF SECURITY REQUIREMENTS AND AS A SAFETY MEASURE AGAINST DERAILMENT, SNIM HAS PURPOSELY KEPT THE PAYLOAD DOWN TO BETWEEN 8,000 - 10,000 TONS. UNLESS THE AVERAGE PAYLOAD CAN BE INNDREASED, SNIM WILL HAVE DIFFICULTY REACHING ITS BREAK-EVEN POINT OF 7 MILLION TONS PER YEAR EVEN WITH TWO TRAINS A DAY.

6. THE SNIM DIVESTITURE OF ITS UNPROFITABLE ELEMENTS, I.E. THE COPPER MINE AND OIL REFINERY HAS BEEN LONG EXPECTED. THIS IS AN OBIVOUS MOVE TO IMPROVE ITS CREDIT RATING, SOMETHING THAT WILL BE MOST IMPORTANT IN THE UPCOMING GUELBS MEETING IN PARIS. END LIMITED OFFICIAL USE
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